

REFERENCE TITLE: industrial development bonds; review exception

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2224

Introduced by
Representative Konopnicki

AN ACT

AMENDING SECTION 35-726, ARIZONA REVISED STATUTES; RELATING TO INDUSTRIAL DEVELOPMENT AUTHORITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 35-726, Arizona Revised Statutes, is amended to
3 read:

4 35-726. Approval of general plan before issuing bonds; fee;
5 definition

6 A. Bonds shall not be issued by a corporation for the purpose of
7 financing single family dwelling units pursuant to section 35-706, subsection
8 A, paragraph 11 or 12 without approval of a general plan by its governing
9 body. The corporation shall submit a general plan for each respective series
10 of bonds to its governing body. The general plan shall briefly describe:

11 1. The amount of the proposed bonds.

12 2. The maximum term of the bonds.

13 3. The maximum interest rate on the bonds.

14 4. The need for the bond issue.

15 5. The terms and conditions for originating or purchasing mortgage
16 loans or making loans to lenders.

17 6. The area in which the single family dwelling units to be financed
18 may be located.

19 7. The proposed fees, charges and expenditures to be paid for
20 originators, servicers, trustees, custodians, mortgage administrators and
21 others.

22 8. All insurance requirements with respect to mortgage loans,
23 mortgaged property, mortgagors, originators, servicers and trustees.

24 9. The anticipated date of issuance of the bonds.

25 B. The governing body shall review general plans submitted by
26 corporations pursuant to subsection A of this section. In reviewing the
27 plans the governing body shall consider:

28 1. Whether the amount of the mortgage monies proposed to be made
29 available is reasonably related to the demand for the mortgage monies.

30 2. Whether the terms of the general plan are justifiable in the
31 context of the transaction and in the context of similar transactions.

32 3. Whether the fees, costs and expenditures as set forth in the
33 general plan are reasonably related to the services provided.

34 4. For projects of owner-occupied single family dwelling units to be
35 occupied by persons of low and moderate income and financed pursuant to
36 section 35-706, subsection A, paragraphs 11 and 12, whether the proposed
37 mortgage monies to be made available will fulfill a public purpose by
38 providing housing for persons of low and moderate income or by encouraging
39 single family developments in all participating jurisdictions, including such
40 jurisdictions' slum or blighted areas as defined in section 36-1471.

41 C. The governing body shall approve or disapprove the general plan not
42 later than thirty days after receipt of the plan. If the governing body does
43 not act upon the general plan within thirty days from the date of receipt,
44 the general plan shall be deemed approved. If a general plan is approved,
45 the corporation may issue the series of bonds covered by the general plan

1 with a total principal amount, maximum term and maximum interest rate no
2 greater than that which is set forth in the general plan. The origination
3 and servicing fees pertaining to mortgage loans to be financed in accordance
4 with the general plan shall not exceed those proposed in the general
5 plan. The corporation may vary other items in the general plan upon a
6 finding that the variation is minor and that the variations will not impair
7 the security for the bonds or substantially increase the cost of financing
8 the single family dwelling units and the findings of the corporation shall be
9 conclusive.

10 D. The governing body may charge any corporation submitting a general
11 plan for review a fee of not to exceed ten thousand dollars together with
12 reimbursement of its actual costs and expenses incurred in reviewing the
13 general plan.

14 E. A corporation shall not issue bonds, other than refunding bonds the
15 proceeds of which are used exclusively to refund a prior bond issue, to
16 finance a multifamily residential project, sanitarium, clinic, medical
17 hotel, rest home, nursing home, skilled nursing facility or life care
18 facility as prescribed in section 20-1801, unless the department approves the
19 project, EXCEPT THAT NO REVIEW IS REQUIRED PURSUANT TO THIS SECTION IF AN
20 INDUSTRIAL DEVELOPMENT AUTHORITY HAS REVIEWED AND APPROVED THE BOND ISSUANCE
21 AND THE PROJECT IS FOR A NONPROFIT NURSING HOME, REST HOME, SKILLED NURSING
22 FACILITY OR LIFE CARE FACILITY. The department, with or without a hearing,
23 shall review the project and consider at least the following factors:

24 1. The demand for and feasibility of the project in the area set forth
25 in the application to the corporation.

26 2. The terms and conditions of the proposed bonds.
27 3. The proposed use of bond proceeds.

28 4. The benefit to the public if the project provides rental housing
29 for persons of low and moderate income or encourages rental housing in slum
30 or blighted areas as defined in section 36-1471.

31 5. If the project consists of a nursing home, or a life care facility
32 as prescribed in section 20-1801, the benefit to the public of the project,
33 including the proposed rent, fees and other charges of the project in
34 relation to the level of services to be offered.

35 F. Subsection E of this section does not apply to bonds issued to
36 finance a sanitarium, clinic, medical hotel, rest home, nursing home, skilled
37 nursing facility, or life care facility as prescribed in section 20-1801, if
38 the facility is to be owned and operated by this state or a political
39 subdivision or agency of this state.

40 G. The department with or without a hearing shall approve or
41 disapprove the project not later than thirty days after receipt of the
42 request for approval. If the project is approved, the corporation may issue
43 the bonds described in the approval request with the total principal amount,
44 maximum term and maximum interest rate no greater than as set forth in the
45 request. The department shall charge each applicant submitting a project

1 approval request pursuant to this subsection a fee of not to exceed five
2 thousand dollars together with reimbursement of its actual costs and expenses
3 incurred in reviewing the project. Beginning on October 1, 2002, the
4 department shall remit the fees to the state treasurer for deposit in the
5 Arizona department of housing program fund established by section 41-3957.

6 H. For the purposes of this section, "department" means the Arizona
7 department of housing.